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PURPOSE AND SCOPE OF WAR RISK INSURANCE

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The War Risk Insurance Act is now the official designation of that body of law which began with the establishment of a Bureau of War Risk Insurance in the Treasury Department by the Act of Congress of September 2, 1914. The Bureau's powers and duties have been greatly expanded and modified by numerous amendments and subsequent enactments. It may be well to trace briefly at the outset the various steps in the history of this momentous legislation which constitutes so important a chapter of our special war legislation.

The act of September 2, 1914, passed within a little over a month after the outbreak of the European war and while we were still a neutral nation, explained its purpose in a preamble which said:

Whereas the foreign commerce of the United States is now greatly impeded and endangered through the absence of adequate facilities for the insurance of American vessels and their cargoes against the risks of war; and whereas it is deemed necessary and expedient that the United States shall temporarily provide for the export shipping trade of the United States adequate facilities for the insurance of its commerce against the risks of war; therefore be it enacted, etc.

Then followed the authority granted to the Secretary of the Treasury, through the Bureau of War Risk Insurance, to issue insurance on American vessels and their cargoes, and the appropriation of funds for these purposes. It was intended as a temporary measure and the President was authorized to suspend the operations of the act whenever in his judgment the necessity for further war insurance by the United States ceased to exist; and in any event such suspension was to take place within two years after the passage of the act without, however, affecting outstanding insurance or claims pending at the time. This provision for suspension of what is now the Division of Marine and Seamen's Insurance has been extended by subsequent acts until by the amendment of July 11, 1918, it is required to take place when the President so directs, but in any event within six months after the end of the war, except that "for the purpose of the final adjustment of any such outstanding insurance or claims, the Division of Marine and Seamen's Insurance

may, in the discretion of the President, be continued in existence for a period not exceeding three years after such suspension." It would seem, therefore, that as far as marine and seamen's insurance is concerned Congress has consistently declared its intention to provide government insurance merely as a temporary war measure.

INSURANCE ACTS OF CONGRESS

Congress extended the scope of marine insurance by the Act of June 12, 1917, which directed the bureau subject to the general direction of the Secretary of the Treasury to make "provisions for the insurance by the United States of masters, officers and crews of American merchant vessels against loss of life or personal injury by the risks of war, and for compensation during detention following capture by enemies of the United States whenever it shall appear to the Secretary that in any trade the need for such insurance exists."

This act not only authorized the bureau to make provision for insurance and compensation for injury, death and detention following capture by enemies for officers and crews of American merchant vessels, but it made such insurance and compensation compulsory by providing that in the event of failure of the owner of any vessel to effect the insurance of master, officer and crew prior to sailing, in accordance with the plan it outlined, the Secretary of the Treasury was authorized to effect it with the bureau at the expense of the owner. The expense of the premium with interest and a penalty not to exceed \$1,000, in addition, with interest and costs was made a lien on the vessel.

The compensation provided by this amendatory act for seamen is as follows:

In case of death or permanent disability which prevents the person injured from performing any and every kind of duty pertaining to his occupation, or the loss of both hands, both arms, both feet, both legs, or both eyes, or any two thereof An amount equivalent to one year's earnings or to twelve times the monthly earnings of the insured, as fixed in the articles for the voyage but in no case more than \$5,000, or less than \$1,500.

A percentage of this sum is allowed for the loss of one hand (50), one arm (65), one foot (50), one leg (65), one eye (45), total loss of hearing (50) and the bureau may include in its policy specified percentages for other losses or disabilities.

In case of detention by an enemy of the United States, following capture, payment is made during the continuance of such detention at the same rate as the earnings immediately preceding such detention, but the aggregate payments under all these provisions may not exceed one year's earnings as above determined. Payments are made only to the master, officer or member of the crew except, in case of loss of life, to his estate for distribution to his family free from liability of debt, and in case of capture, to his dependents if such have been designated by him.

Another extension of the scope of marine and seamen's insurance was effected by an amendatory act of July 11, 1918, whereby "When it appears to the Secretary of the Treasury, that vessels of foreign friendly flags, or their masters, officers, or crews, or ship-pers, or importers in such vessels, are unable in any trade to secure adequate war risk insurance on reasonable terms," the bureau is "authorized to make provisions for the insurance by the United States of (1) such vessels of foreign friendly flags, their freight and passage moneys, and personal effects of the masters, officers, and crews thereof against the risks of war when such vessels are chartered or operated by the United States Shipping Board or its agent, or chartered by any person a citizen of the United States, and (2) the cargoes to be shipped in such vessels of foreign friendly flags, whether or not they are so chartered." The bureau may also, at the discretion of the Secretary of the Treasury, issue insurance in the above circumstances to protect masters, officers, and crew against loss of life or personal injury and to include compensation during detention following capture.

The business success of marine and seamen's insurance which has not cost the government thus far a dollar, and the extent of the benefits and protection it has given to our shipping are referred to elsewhere in this volume.¹

The second stage in the development of war risk insurance began with the amendatory act of October 6, 1917, which was in reality three great legislative proposals in one. Any one of the three features of this act was destined to relegate to relative insignificance the provisions for marine and seamen's insurance and the previous work of the Bureau of War Risk Insurance. This act sought to apply the principles of mutuality, governmental coöpera-

¹ See articles by Assistant Secretary Thos. B. Love and Lt. Col. S. H. Wolfe.

tion and insurance to lighten the burdens of war for our soldiers and sailors, their families and dependents. The act was drafted after preliminary studies had been made of Canadian and European experience by Lt. Col. (then Captain) S. Herbert Wolfe and others for the Children's Bureau of the Department of Labor; after numerous conferences with experts in various fields including representatives of commercial life insurance interests; and after a careful study of many of these reports and of the whole problem by the Committee on Labor of the Council of National Defense, whose representative, Judge Julian W. Mack, rendered the greatest service of all not only in drafting but in piloting the bill through its legislative history. It had the intelligent personal and active support of Secretary McAdoo and the unqualified endorsement of the President.

Before describing the three great governmental services it established for our fighting forces, we may complete the legislative history by stating that it has been amended by two joint resolutions, one² extending the period for application for insurance from men in the active war service as to whom the time for making application would expire before April 12, 1918; and the other³ making provision for insurance to be taken out by third parties (within the permitted class of beneficiaries) for uninsured persons taken prisoner prior to April 12, 1918.

The act establishing the bureau as amended October 6, 1917, has also been amended in important particulars by two subsequent acts, the detailed effects of which will be taken into account in our subsequent description of the provisions for soldiers and sailors of the War Risk Insurance Act. The act of May 20, 1918, regulated the activities of claim agents and attorneys who solicited business in the adjustment of claims of beneficiaries under the War Risk Insurance Act, fixing the maximum charges for such services at \$3.00 per case if any such services are necessary or to be allowed one in most cases, and providing that the benefits to the insured should be protected in every way possible from diminution by the costs of unnecessary legal services.

The second act was that of June 25, 1918, which represented the administrative changes which the experience of the bureau in the first six months operation of the Division of Military and Naval

² Pub. Res. No. 22—65th Cong., Feb. 12, 1918.

³ Pub. Res. No. 27—65th Cong., Apr. 2, 1918.

Insurance had shown to be desirable. It simplified considerably the records of the bureau and diminished the delay in payments of family allowances (due to some 200,000 changes per month, owing largely to changes in rate of pay), by providing for a flat allotment of \$15 for Class A dependents or Class B dependents alone, or \$20 for both as a condition for the granting of a family allowance, instead of a varying amount equal to the allowance but not less than these sums in the cases mentioned, nor more than half the man's pay. Other changes likewise were made in the direction of greater liberality on the part of the government, and some of them were made retroactive by this act and will be noted in the description of the act of October 6, 1917, which follows.

Insurance benefits in the strict sense are only part of the benefits provided for soldiers and sailors and intended to safeguard the welfare and morale of the army and navy by the act of October 6, 1917, which created the Military and Naval Division of the Bureau of War Risk Insurance. It provides for three new, effective and far-reaching services of the federal government, namely: (1) Allotment of pay and family allowance; (2) compensation and indemnity for death or disability; (3) insurance against death or total and permanent disability.⁴

I. ALLOTMENTS OF PAY (COMPULSORY AND VOLUNTARY) AND FAMILY ALLOWANCES

Congress had already prior to October, 1917, laid the right foundation for this part of the War Risk Insurance Law by raising the pay of the enlisted men in the army and navy, making the minimum pay for nearly all in the service \$30 a month, or double what it was before in most cases, and higher than that of any other army in the world. This was a just measure to protect the highest standards of living in any country at a time when so many citizens were to be called upon to forsake their usual peaceful occupations. But this was not enough to equalize the sacrifices which all citizens must make in time of war. No rate of pay for the army and navy

⁴ In the description of these three services liberal use has been made of the descriptive accounts given by the author in articles published in the *Review of Reviews* for October, 1917, and April, 1918, and in a paper read before the General Meeting of the American Philosophical Society, April 20, 1918 and published in its *Transactions*.

could be made high enough to do that. So Congress proceeded to supplement the regular pay upon the theory that since the call to arms does not annul the moral and legal obligations of every man to support his family and those who have a blood-tie claim upon his earnings, it is the plain duty of the whole country which he serves to aid him financially to do this without undue lowering of his standard of living, and without requiring a disproportionate sacrifice on the part of his dependents.

This is sound doctrine, however, only when the enlisted man first does his part and contributes from his own resources all he can reasonably spare. Therefore we begin with the allotment which must precede a request for an allowance. Allotments and family allowances are not provided for commissioned officers or for members of the army or navy nurse corps (female). The allotment is compulsory for every enlisted man who has a wife, or child under 18 years of age or of any age if the child is insane or permanently helpless, or a divorced wife to whom alimony has been decreed by a court, and who has not remarried. These persons constitute what is known as "Class A" dependents. A common-law wife is entitled to the same consideration as a legal wife and the claims of a legal wife and of all children take precedence of those of a divorced wife. Every enlisted man is required to file with the War Risk Bureau a statement, for which an allotment and allowance blank is furnished, showing whether or not he has any dependents, and if so how many, and what are their blood or marriage relationships to him.

More than half of the men in the army and navy claim that they have no dependents for whom allotment of pay is compulsory or for whom they wish to make a voluntary allotment. Some of these no doubt will be found to have a wife or child for whom they seek to evade responsibility, and such wife or child or someone on their behalf should make application direct to the bureau if they do not receive the allotment and the man will be brought to account. If an allotment is made for any beneficiary and through inadvertence or otherwise no request has been made for a family allowance, the wife, child or beneficiary, or someone on their behalf, should apply to this bureau for the family allowance. Some will later want to make voluntary allotments for Class B dependents when perhaps they find it more convenient to do so. Class B

dependents for whom the allotment is voluntary includé parents, brothers, sisters and grandchildren. Parents include fathers and mothers through adoption as well as natural parents, and grandparents and step-parents either of the person in the service or of the spouse. Brothers and sisters include those of the half blood and step-brothers and step-sisters and brothers and sisters through adoption. Even if Class B dependents are in want, an enlisted man is not compelled to make an allotment for their support, but he must do so before the government will pay any family allowance to them.

The allowance in all cases both for Class A and Class B dependents is granted only when applied for, after the required allotment of pay has been made. The monthly compulsory allotment is \$15 for class A dependents where such exist whether a family allowance is applied for or not.

Where a man has Class A dependents, but no Class B dependents and has allotted \$15 per month, the government grants on application a family allowance according to the following schedule: For a wife but no child, \$15; a wife and one child, \$25; a wife and two children, \$32.50, with \$5 per month additional for each additional child up to a total of \$50, which is the maximum government allowance to the dependents (Classes A and B) of any one man under all circumstances; no wife but one child, \$5; two children, \$12.50; three children, \$20; four children, \$30, and \$5 for each additional child. These allowances to Class A dependents are made without reference to dependency or need except that they may be waived by a wife who gives evidence of sufficient means for her own support, but may not be waived by a child, and a man may be exempted in certain exceptional circumstances from making a compulsory allotment.

When a man in the service has Class A dependents for whom he is making an allotment and in addition has Class B dependents for whom he wants an allowance he must make an additional allotment of \$5. Class B dependents receive allowances as follows: One parent, \$10; two, \$20; each grandchild, brother or sister, or additional parent, \$5, provided the total family allowance for Classes A and B dependents for one person does not exceed \$50 per month.

As there are no compulsory allotments for a woman in the service, her dependents are always Class B dependents. For Class

B dependents where there are no Class A dependents men and women alike in the service must allot, if they want allowances for their Class B dependents, \$15 per month. In the case of a woman, the family allowances for a husband and children are the same as in the case of a man for a wife and children except that dependency must be proven to exist, as in the case of Class B dependents.

Class B allowances are subject to two conditions: (1) The person receiving the allowance must need it and be dependent in whole or in part for support upon the person making the allotment. They need not be wholly dependent. They may have earnings of their own or also other sources of support. (2) The total of the allotment and the allowance paid to the dependents must not exceed the amount of the habitual contribution from the man to the dependents in all cases where dependency existed prior to enlistment or prior to October 6, 1917. Otherwise the government allowance will be proportionately reduced.

The bureau, in its regulations made under the authority of the Secretary of the Treasury, has sought to interpret this provision of the law in a broad and sympathetic way. The regulation which defines dependency says:

For the purposes of the War Risk Insurance Act, a person is dependent in whole or in part, upon another, when he is compelled to rely, and the relations between the parties are such that he has a right to rely in whole or in part on the other for his support.

Also, if a Class B dependent, for whom a family allowance is claimed, becomes dependent in whole or in part on the enlisted man, subsequent to both enlistment and October 6, 1917, the limitation as to habitual contributions is regarded as not applicable, and the family allowance is paid without regard to it.

Family allowances are payable for one month after a man is discharged from the service, but are not provided for more than one year after the termination of the war.

The conditions of dependency and habitual contribution make investigation necessary to prevent fraud, and adjustment to the changing conditions affecting dependents, such as births and deaths in the family, children reaching the age of eighteen, or contracting marriage before that age, and economic conditions affecting the family income, of the greatest complexity and difficulty in maintaining the necessary records in the War Risk Bureau in order that awards may be made promptly and allowances paid accurately each month

as they become due. Severe penalties are provided for intentional fraud. Anyone knowingly making a false statement of a material fact in connection with claims under the act is guilty of perjury and will be punished by a fine up to \$5,000, or by imprisonment up to two years, or both. A beneficiary, whose right to payments under the act ceases, and who fraudulently accepts such payments thereafter, will be punished by a fine up to \$2,000, or by imprisonment up to one year, or both.

II. COMPENSATION FOR DEATH OR DISABILITY.

The application of the principles of mutuality and insurance to the risk of death or disability resulting from personal injury suffered or disease contracted in the line of duty, and not due to wilful misconduct on the part of the injured person, is not new. It has been successfully tried out on a large scale through the admirable workings of the national and state workmen's compensation laws now operative for the civilian employes of the federal government and for the industrial workers of thirty-six states of the American Union. These laws have largely displaced or superseded the old employers' liability remedies for industrial accidents. They have proven themselves to be increasingly satisfactory to employers and employes alike. They operate also to place on each industry the cost of the financial burden of its unavoidable industrial accidents as far as that burden can be translated into dollars and cents. They operate to distribute among the consumers of the goods produced the cost of industrial accidents incurred in their production to the extent of providing for the payment of a sum proportionate to the loss of earning power and a fair recompense for the suffering that an industrial accident causes the individual workman and his family. They also operate to encourage industry to adopt and develop every possible safety device for the elimination of preventable accidents.

The analogy of this industrial experience with compensation remedies to the problem of caring for the hazards of war is plain. In the case of our military and naval forces the industry is an "extra hazardous" one, the payments for compensation must be liberal and the cost will be heavy. The government of the United States is the employer and the nation or the people of the United States are the consumers or those for whom the operations of war are

carried on. The government therefore should bear the whole cost of compensation for death or disability for officers as well as for enlisted men, and for members of the nurse corps (female), and distribute the burden through taxation. It does not require any contribution from the beneficiaries as it does in the case of allotments of pay upon which family allowances are based or in the case of premiums covering the peace rates for insurance. The soldier or sailor does his part when he risks his life and bears the unavoidable personal suffering from injury or disease incurred in the service of his country. Compensation is a payment in addition to regular pay, family allowances and insurance benefits, and serves to equalize the burdens and risks of military service which inevitably are unequally distributed between those called upon to serve in front line trenches as compared with those serving in no less necessary operations behind the lines.

This second great service of the War Risk Insurance Law, which makes provision for compensation for death and disability, is necessarily a complicated and technical one and I cannot attempt here to describe it fully, but only in its general outlines. It is more liberal and far more just than any pension law that has ever been passed or now exists, and it should make any supplementary pension legislation for those engaged in this war wholly unnecessary. While it will cost the government huge sums of money depending upon the number of men engaged in this war, the length of the war and the severity of our casualties, it will doubtless cost less, be far more just and equitable in its benefits, and give more aid and comfort where it is needed than any general pension scheme could possibly provide.

Compensation for death or disability is provided for all members of the United States military and naval forces, including not only enlisted men but also commissioned officers and members of the army and navy nurse corps (female). The only person entitled to receive compensation for disability is the man himself. In the case of his death, the widow, child, dependent mother and dependent father receive the benefits provided. Compensation is not paid automatically, but must be applied for on blank forms furnished by the Bureau of War Risk Insurance. It varies in amounts from \$30 to \$100 a month paid to the disabled man, and from \$20 to \$75 a month paid to his widow, child, dependent mother or dependent father.

Unlike industrial compensation the amount does not vary in proportion to the wage or previous income of the disabled person or of the deceased. It is based on a new principle, namely that of the family need, on the theory that under the conscription law the family is conscripted when the bread winner is taken away. Therefore, the amount paid, if the man is disabled in the line of duty, varies according to the size of his family and changes from month to month or year to year as the family status changes. If a man is a bachelor and is totally disabled, he gets \$30 a month; if he has a wife but no child living, \$45 a month; a wife and one child \$55; a wife and two children \$65; a wife and three or more children \$75; no wife but one child living \$40, with \$10 for each additional child up to two; a mother or father, either or both dependent upon him for support in addition to the above amounts, \$10 for each. He is entitled, in addition, to free medical, surgical and hospital service and supplies, including artificial limbs, etc., as the Director of the War Risk Bureau may determine to be useful and reasonably necessary: and for certain claims of disability such as the loss of both feet, or hands, or both eyes, he gets, in lieu of all other compensation, the flat sum of \$100 a month. Partial disability is prorated at a percentage of the compensation for total disability equal to the degree of the reduction in earning capacity resulting from the disability.

In case of death resulting from injury in the line of duty, the monthly compensation paid is as follows: For the widow alone, \$25; for the widow and one child \$35; for the widow and two children \$42.50 with \$5 for each additional child up to two; if there be no widow then for one child \$20; for two children \$30; for three children \$40 with \$5 for each additional child up to two; for a dependent mother or dependent father \$20, or both \$30, except that the amount paid to a dependent mother or dependent father or both when added to the total amount payable to the wife and children shall not exceed \$75. Compensation is payable for the death of but one child. No compensation is paid to a dependent mother on account of a child if she is already in receipt of compensation on account of the death of her husband.

Compensation is further limited by the following considerations. None is paid if the injury or disease was caused by the man's own wilful misconduct. None is paid for death or disability occurring

later than one year after the man leaves the service, unless a medical examination at the time of his resignation or discharge or within one year thereafter proves that the man was then suffering from an injury or disease likely to cause death or disability later. None is paid for death inflicted as punishment for crime or military offence unless inflicted by the enemy. None is paid unless the claim is filed within five years after the death was recorded in the department in which the man was serving at the time of his death, or in case of death after discharge or resignation from service, within five years after death. None is paid for disability unless the claim is filed within five years after discharge or resignation from the service or within five years after the beginning of disability occurring after leaving the service. None is paid for any period more than two years prior to the date of claim. None is paid during the period in which the man is reported as missing, if during that time his pay and family allowance go on: a man is not considered dead until reported so by the department under which he is serving. None is paid to those receiving service or retirement pay.

Dishonorable discharge terminates the right to the compensation. Compensation is not assignable and is exempt from attachment execution and from all taxation, and the law providing for gratuity of payments for death in the service and all existing pension laws does not apply to persons in the active service at the time of the passage of this act, or to those entering into the active service after, or to their widows, children or dependents, except in so far as rights under such laws shall have heretofore accrued. In addition to the benefits mentioned there is provision for the payment by the United States of burial expenses not to exceed \$100. The compensation to a widow or widowed mother ceases upon her remarriage, and to a child when it reaches the age of 18 years or marries, unless the child be incapable because of insanity, idiocy, or being otherwise permanently helpless, in which case it continues during such incapacity.

In the interpretation of the compensation provision, the Bureau of War Risk Insurance has endeavored to be as liberal as the spirit of the law permits. An illustration of this is found in the definition by regulation of the term "total disability," which is defined as "an impairment of the mind or body which renders it impossible for the disabled person to follow a gainful occupation," and again in

the regulation which says that "total disability is deemed to be permanent whenever it is founded upon conditions which render it reasonably certain that it will continue throughout the life of the person suffering from it."

In addition to providing compensation for disability and death, the government promises in this act to do everything in its power to restore a man who has been injured by accident or diseases incurred in the line of duty to the fullest possible physical and economic power. The people of the United States do not want this war to produce a large crop of "corner loafers," that is, men who will come back injured more or less seriously by their war experience, and without ambition, to rely upon what the government will do for them and consider that it owes them a living. They will be far happier if they can be restored in part, if not in whole, to their previous earning ability and have found for them some new occupation which they can successfully pursue even though maimed and impaired in physical powers. Courses of education and rehabilitation will be provided by the United States.

Already rehabilitation work and vocational training have been begun by the Surgeon General of the Army and by the Surgeon General of the Navy, who make provision for bedside instruction and training during convalescence until the men are discharged from the service. The Vocational Rehabilitation Act of June 27, 1918, makes provisions whereby the Federal Board for Vocational Education is authorized and directed to furnish, where vocational rehabilitation is feasible, such courses as it may prescribe, to every person who is disabled under circumstances entitling him after discharge from the military or naval forces of the United States to compensation under the War Risk Insurance Act. While taking such courses the injured person receives monthly compensation equal to the amount of his monthly pay for the last month of his active service, or equal to the amount of his compensation under the War Risk Insurance Act, whichever amount is the greater: and in the case of an enlisted man, his family receives compulsory allotment and family allowance in the same way as provided for enlisted men in active service. It also authorizes the bureau to withhold the payment of compensation during the period of any wilful failure to follow any prescribed course of rehabilitation or to submit to medical examination whenever required to do so, or to enlist in any

service established for the purpose of rehabilitation, re-education or vocational training. The board may also pay additional expenses where necessary to enable injured men to follow successfully its prescribed courses of rehabilitation.

III. INSURANCE AGAINST DEATH AND PERMANENT AND TOTAL DISABILITY AS ADDED PROTECTION

The third great national service provided for the military and naval forces by the War Risk Insurance Bureau is intended to cop- per rivet the protection afforded by the other two—allotments and family allowances, and compensation and indemnity. It is what is generally known as annual, renewable, term insurance with premiums paid monthly. It is voluntary but may be taken by officers, enlisted men, and members of the army or navy nurse corps (female) in amounts of not less than \$1,000, in multiples of \$500 up to a maximum of \$10,000. Its chief purpose is to restore the insurability which a man in prime physical condition who passes the medical tests required for active military or naval service, either loses or finds impaired when he enters such service. This lost or impaired insurability is restored by giving him the opportunity to buy insurance at peace rate cost renewable from year to year, and convertible into any of the ordinary forms of insurance within five years after the end of the war, without physical examination.

The premium rates are based upon the American Experience Table of Mortality and interest at $3\frac{1}{2}$ per cent per annum, and represent the actual cost of the insurance, not including administrative expenses which the government bears, or any loading for solicitor's commissions, advertising, inspection or medical examinations. The extra hazard of the war risk is created by the government's call to service and it properly bears that cost also.

Therefore the man gets insurance in an extra hazardous occupation at less cost than the same form of insurance would cost him in peace times in any commercial insurance organization. He has 120 days after enlistment or entering the service in which to elect to take the insurance and to decide upon the amount he wants. After that time he may drop any part of his insurance he does not want to carry but may not increase his policy. The insurance is in force immediately the signed application is mailed or delivered and even a formal application is not necessary, as the bureau recog-

nizes any written application which sufficiently identifies the applicant and specifies the amount desired. The acceptance is of course conditioned upon the man passing his physical examination and being admitted to the active service if that is not already the case.

Premiums may be and usually are paid automatically by monthly allotment of pay. The rates during the war run from 63 cents per month per thousand dollars of insurance at the age of fifteen to \$3.35 at the age of sixty-five, increasing annually upon the anniversary of the policy to the age rate for the next age year. The insurance will run as long as the premiums are paid whether the man leaves the service or not, provided it is converted into permanent forms of insurance within five years after the close of the war, unless it is terminated by the discharge or dismissal of any person from the military or naval forces on the ground that he is an enemy alien, conscientious objector, or a deserter, or as guilty of mutiny, treason, spying, or any offense involving moral turpitude, or wilful and persistent misconduct.

The amount of the policy, in the event of death or total and permanent disability, is payable in 240 monthly instalments, except that if the insured is permanently and totally disabled and lives longer than 240 months, payments continue at that rate as long as he lives and is so disabled; and in the event of his death before 240 payments have been made the remaining monthly instalments go to his beneficiary.

In the event of death before any or all of the 240 payments have been made, the insurance is payable likewise in monthly instalments to any beneficiary designated by the insured within a limited class consisting of a spouse, child, grandchild, parent, brother or sister as defined above in the case of allotments, allowances and compensation. If no beneficiary within the permitted class is designated by the insured or if the designated one does not survive the insured, the payments go to such persons within the permitted class of beneficiaries as would be entitled, under the laws of the state of the residence of the insured, to his personal property in case of intestacy. If no such person survive the insured, then there shall be paid to the estate of the insured an amount equal to the reserve value, if any, of the insurance at the time of his death, calculated on the basis of the American Experience Table of Mor-

tality, and $3\frac{1}{2}$ per centum interest in full of all obligations under the contract of insurance.

There are no other provisions for lump sum payments. The insurance payments are further protected, however, by the provision, which applies also to payments for allotments and family allowances and compensations, that they are not assignable, nor subject to the claims of creditors of any person to whom an award is made, except claims of the United States against the person on whose account the allotments and family allowances, compensation, or insurance is payable.

The act of October 6, 1917, contained a very wise provision for automatic insurance whereby all men in the active service on or after April 6, 1917, the date when war was declared, who during the 120 day period immediately following the date of publication of the terms of the contract of insurance (Oct. 15, 1917), were totally and permanently disabled or died without having applied for insurance, were to be deemed to have applied for and to have been granted insurance payable to such person during his life in monthly instalments of \$25 each. This was about the equivalent of \$4,500 of insurance. In the event of death, however, the payments of the balance of 240 such payments to beneficiaries were restricted to a widow remaining unmarried, a child, or a widowed mother. This restriction was amended June 25, 1918, so that the beneficiary might be a widow during her widowhood, or if there is no widow surviving, then to the child or children of the insured, or if there is no child surviving him, then to his mother, or if there is no mother surviving him, then to his father, if and while they survive him. This provision was made retroactive and the bureau was directed to revise all awards of automatic insurance in accordance with its terms on July 1, 1918.

The appreciation on the part of the men and women in the military and naval forces of the benefits of this voluntary insurance is abundantly shown by the fact that over twenty-three billion dollars of insurance have been applied for and over 95 per cent of the entire army and navy is covered by it in amounts averaging nearly 85 per cent per person of the maximum allowed.

The voluntary insurance feature of the War Risk Insurance Act, superadded to the compensation and allotments and allowances, constitutes one logical and far-reaching scheme to promote

and protect the welfare and morale of our fighting forces whether abroad or at home. It is a governmental undertaking of the greatest magnitude and importance, and one in which every American may take just pride. Almost automatic in its operation, it is a self-respecting, well-balanced and democratic expression of a new sense of social solidarity and unity of national purpose.

EIGHT MONTHS OF WAR RISK INSURANCE WORK

BY LIEUT.-COL. S. H. WOLFE,¹

Quartermaster Corps, United States Army

Shortly after the United States entered the war it was felt that a more detailed knowledge was desired of relief measures required by modern war conditions. Canada was visited, and the results of my investigation have been published as Bulletin No. 10, Miscellaneous Series, Children's Bureau, Department of Labor. The realization of the necessity for doing away with haphazard methods and of substituting therefor a scientific program of government relief led the Secretary of War to direct me to prepare a system of relief for the dependents of enlisted men in our army—a question which was then being considered by the members of the cabinet forming the Council of National Defense, and by the Secretary of the Treasury.

The various steps leading to the preparation of the War Risk Insurance Act are matters of record and it is unnecessary to refer to them at length. The act was enacted by Congress, was approved October 6, 1917, and became effective November 1. In a little over three weeks, therefore, the bureau was called upon to prepare for the handling of a proposition requiring administrative work of a greater magnitude than any bureau of any government had ever been called upon to face in the same length of time. In the brief space of three weeks it became necessary to obtain quarters, to employ and educate a force of clerks, to purchase office furniture, equipment and supplies, to prepare copy for the printer and secure

¹ For several months after his return from France, Lieut.-Col. Wolfe was detailed to the Bureau of War Risk Insurance by the Secretary of War.